

Message Text

CONFIDENTIAL

PAGE 01 QUITO 01245 251755Z

47

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 IGA-02 L-03 TRSE-00

XMB-07 DODE-00 PM-07 NEA-10 AGR-20 COME-00 SS-20

NSC-10 OMB-01 SWF-02 SAM-01 DRC-01 /136 W

----- 031225

P 251648Z FEB 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 0099

C O N F I D E N T I A L QUITO 1245

E.O. 11652: GDS

SUBJECT: LOAN 518-L-034

REF: STATE 036364

1. USAID MISSION DIRECTOR CODY AND ASSISTANT DIRECTOR GARUFI CALLED ON NEW FINANCE MINISTER, JAIME MONCAYO, TO CONVEY CONGRATULATIONS AND INQUIRE RE AN OVERDUE LOAN PAYMENT.

2. AFTER ASSURING US THAT LOAN PAYMENT WAS TAKEN CARE OF AND WE WOULD RECEIVE IT NEXT WEEK AFTER THE HOLIDAYS (CARNIVAL) HE USED THE OCCASION TO INQUIRE AS TO AID'S PROGRAM INTENTIONS FOR NEXT YEAR. HE WAS TOLD THAT PROGRAM WAS STILL IN APPROVAL PROCESS BUT IT WAS BEING GIVEN CLOSE SCRUTINY IN LIGHT OF ECUADOR'S IMPROVED FINANCIAL POSITION. MONCAYO RE-ACTED STRONGLY TO THIS INDICATING THAT IN THE PAST COUNTRIES LIKE ECUADOR CLASSIFIED AMONG THE LESSER DEVELOPED WERE ALWAYS URGED TO UTILIZE THEIR OWN RESOURCES TO COMPLEMENT AND MAKE EFFECTIVE EXTERNAL TECHNICAL AND FINANCIAL INPUTS. NOW THAT ECUADOR IS DOING SO AND HAS THE RESOURCES THAT CAN BRING THEM TO A TAKE-OFF STAGE IN THEIR ABILITY TO HELP THE FOUR MILLION ECUADOREANS WHO LIVE IN POVERTY (THE TOTAL POPULATION IS SIX AND ONE HALF MILLION) THE INTERNATIONAL DONORS ARE SAYING THAT ASSISTANCE IS NO LONGER JUSTIFIED. HE CONSIDERS THIS BAD FAITH AS WELL AS FAULTY REASONING.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 01245 251755Z

HE ALSO FEARS THAT THIS TYPE OF CHARACTERIZATION OF ECUADOR

AS AFFLUENT WILL ADVERSELY AFFECT HER POSITION IN ALALC AND THE ANDEAN PACT WHEN IN FACT NOW IS PRECISELY THE TIME WHEN ECUADOR CAN BENEFIT FROM THE FAVORED POSITION GRANTED THE RELATIVELY LESS DEVELOPED COUNTRIES. HE EMPHASIZED THAT EXISTENCE OF NEW OIL REVENUES BY THEMSELVES DOES NOT CHANGE ECUADOR'S STAGE OF DEVELOPMENT. HOWEVER IT DOES PROVIDE THE BASIS FOR ACCELERATING PROGRAMS DESIGNED TO PROMOTE DEVELOPMENT.

3. MONCAYO ALSO MENTIONED HIS IMPATIENCE WITH THOSE (UNIDENTIFIED) WHO CRITICIZED THE GOE FOR EXCESSIVE MILITARY EXPENDITURES, ACTUAL OR POTENTIAL. FIRST OF ALL, HE SAID IT IS NOT TRUE. A RELATIVELY MODEST PORTION OF THE OIL REVENUES ARE EARMARKED FOR THE MILITARY AND SIGNIFICANT PORTIONS OF THAT ARE FOR CIVIL TYPE ITEMS SUCH AS THE ACQUIRING OF CONSTRUCTION BATTALIONS. HE SAID ECUADOR'S NEIGHBORS HAVE QTE FUERZAS ARMADAS END QTE AND ARMED TO THE TEETH WHILE ECUADOR HAS ONLY QTE FUERZAS END QTE.

4. MONCAYO ALSO NOTED A TENDENCY IN PEOPLES THINKING TO LUMP ALL THE OIL PRODUCING COUNTRIES TOGETHER AND ASSUME THEY ALL ACTED IN CONCERT WITH AND FOLLOWING THE LEAD OF THE ARAB COUNTRIES. HE SAID THIS WAS NOT TRUE AND THAT ECUADOR WOULD BE GUIDED BY ITS OWN INTERESTS AND RELATIONSHIPS WITH OTHER COUNTRIES.

5. MONCAYO URGED OUR SUPPORT AND COOPERATION IN THREE AREAS: 1) CONTINUATION OF THE BILATERAL PROGRAM ASSISTING THE GOE IN ATTEMPTING TO REACH THE VAST BULK OF THE POPULATION WHO LIVE AT A SUBSTANDARD LEVEL. 2) INTERVENING WITH THE IDB, PARTICULARLY THE AMERICANS ON THE STAFF AND BOARD OF DIRECTORS TO DO LIKEWISE. 3) ASSISTING ECUADOR TO ACQUIRE NEEDED MATERIALS; BOTH FOOD AND OTHER THAT ARE BECOMING SCARCE. HE WILL PROVIDE US A LIST SHORTLY BASED ON A STUDY HE HAS REQUESTED OF THE MINISTRY OF INDUSTRY AND COMMERCE. IN THIS CONNECTION HE ASKED REGARDING THE CHANCES OF A NEW PL 480 TITLE I LOAN AND WAS TOLD THERE WAS NO POSSIBILITY.

6. WE AGREED THAT USAID WOULD PREPARE A LIST OF OUR
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 QUITO 01245 251755Z

ACTIVITIES FOR FURTHER AND LENGTHIER DISCUSSION HIGHLIGHTING ANY PROBLEM AREAS WHERE THE MINISTRY OF FINANCE COULD BE USEFUL.

7. MONCAYO ENDED THE DISCUSSION BY SAYING NOW THAT THE POLITICAL CLIMATE WAS LOOKING UP HE HOPED THERE WOULD NOT REPEAT NOT BE PROBLEMS IN TERMS OF ECUADOR'S ACCESS TO DEVELOPMENT ASSISTANCE.

HEMENWAY

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, ECONOMIC DEVELOPMENT, ECONOMIC ASSISTANCE, BALANCE OF PAYMENTS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO01245
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740211/aaaaakej.tel
Line Count: 116
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 036364
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 16 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 SEP 2002 by boyleja>; APPROVED <02 DEC 2002 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LOAN 518-L-034
TAGS: EAID, EC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005